

Capital Reporting Company

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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

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In Re:

Case No.:

LESSNO, LLC,

09-44979 (ESS)

Alleged Debtor.

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Date: Wednesday, September 15, 2010

TIME: 9:30 a.m.

Deposition of KONSTANTIN PETROV, taken
by Petitioners, pursuant to notice, held at
CORPORATE SUITES BUSINESS CENTER, 757 Third
Avenue, New York, New York 10017 before Elizabeth
Willeski, RPR, of Capital Reporting Company, a
Notary Public in and of the State of New York.

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1 A P P E A R A N C E S:

2 On behalf of Petitioner:

JOSEPH SANCHEZ, ESQ.

3 295 Northern Boulevard, Suite 301

Great Neck, New York 11021

4 (516)417-8525

5 On behalf of Respondent:

MICHAEL J. CONNOLLY, ESQ.

6 FORMAN HOLT ELIADES & RAVIN, LLC

80 Route 4 East, Suite 290

7 Paramus, New Jersey 07652

(201)845-1000

8

Also Present: Vesselin Dittrich, Bulgarian

9

Interpreter

Mario Sotirov

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Via Skype: Olga Shishkova

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Nadia Emaneiluva

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1 STIPULATIONS

2 IT IS HEREBY STIPULATED, by and between
3 the attorneys for the respective parties hereto,
4 that: All rights provided by the C.P.L.R, and
5 Part 221 of the Uniform Rules for the Conduct of
6 Depositions, including the right to object to any
7 question, except as to form, or to move to strike
8 any testimony at this examination is reserved;
9 and in addition, the failure to object to any
10 question or to move to strike any testimony at
11 this examination shall not be a bar or a waiver
12 to make such a motion at, and is reserved to, the
13 trial of this action.

14 This deposition may be sworn to by the
15 witness being examined before a Notary Public
16 other than the Notary Public before whom this
17 examination was begun, but the failure to do so
18 or to return the original of this deposition to
19 counsel within 60 days, shall not be deemed a
20 waiver of the rights provided by Rule 3116 of the
21 C.P.L.R and shall be controlled thereby. The
22 filing of the original of this deposition is
23 waived.

24 IT IS FURTHER STIPULATED that a copy of
25 this examination shall be furnished to the
attorney for the witness being examined without
charge.

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1 MR. CONNOLLY: Okay. Before we begin
2 with the questioning, Mr. Sanchez, at the last
3 deposition, we talked about a few agreements,
4 including that everyone involved in these
5 proceedings would not be disclosing the nature of
6 the deposition outside of the context of this
7 litigation, and that would include anyone in the
8 room over in Sofia, Bulgaria and also anyone here
9 as well.

10 MR. SANCHEZ: Is it acceptable that
11 it's going to be within the limits of the Court's
12 order, as far as materials provided in discovery,
13 just that it can't be revealed outside of the...

14 MR. CONNOLLY: Yes, but I'm also
15 talking about the testimony in these proceedings
16 as well, so the questions and answers here won't
17 be given out to any outside parties or otherwise
18 used by your clients except in connection with
19 this case.

20 MR. SANCHEZ: And it's our
21 understanding that the deposition testimony is
22 covered by the Court's order.

23 MR. CONNOLLY: Okay. That's our
24 understanding as well. I just wanted to make
25 that clear at the beginning. And, also, is there

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1 anyone other than the parties in this room and
2 the parties in Bulgaria currently observing the
3 video of these deposition proceedings?

4 MR. SANCHEZ: By counsel for
5 petitioners, the answer is no.

6 MR. CONNOLLY: Okay. And there's no
7 one otherwise monitoring the discussions.

8 MS. SHISHKOVA: Apart from Nadia from
9 the previous time and as the person helping
10 Mr. Sanchez.

11 MR. CONNOLLY: Okay. And the
12 transcript of this deposition will control and
13 not the videotape. Correct?

14 MR. SANCHEZ: That's correct.

15 MR. CONNOLLY: And, again, we would
16 note all of our reservations of rights that we
17 stated before, but I won't repeat them now in the
18 interest of time.

19 MR. SANCHEZ: Okay. And just for
20 clarity of the record, counsel for the parties
21 are here in New York City and the witnesses are
22 in Sofia, Bulgaria, and we are connected via the
23 internet, video com. The witness is Konstantin
24 Petrov, and within the room is Olga Shishkova,
25 and from my office assisting is Nadia Emaneiluva.

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1 K. Petrov
2 V E S S E L I N D I T T R I C H, having
3 been sworn in as the Bulgarian interpreter, and
4 K O N S T A N T I N P E T R O V, having first
5 been duly sworn by a Notary Public of the State
6 of New York, through the Bulgarian interpreter,
7 was examined and testified as follows:

8 EXAMINATION BY MR. SANCHEZ:

9 Q Mr. Petrov, I'm going to be asking you
10 a series of questions this morning regarding your
11 work with Lessno, LLC. If you don't understand a
12 question I'm asking, please let me know and I can
13 rephrase the question. Do you understand?

14 A Yes.

15 Q For each question that I give you, in
16 order to have a clear record, I'm going to ask
17 that you wait until I finish asking the question
18 before you respond. And for each answer that you
19 give, please give a verbal response to my
20 questions. Okay?

21 A Okay.

22 Q And, Mr. Petrov, where do you presently
23 live?

24 A I live in Sofia.

25 Q Okay. And where were you born?

A In Sofia.

Q And what is the highest level of
education that you've completed?

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1 K. Petrov

2 MR. CONNOLLY: Mr. Sanchez, before the
3 witness answers, I do apologize for being late to
4 this deposition, but I would note that we are
5 under some time pressures, so to the extent that
6 your background questions about the witness could
7 be curtailed, I think that would be most
8 productive.

9 MR. SANCHEZ: Understood.

10 Q If you could answer the question, Mr.
11 Petrov?

12 A I have two master's degrees in
13 engineering and our economy.

14 Q And where did you earn those degrees?

15 A From two institutes in Bulgaria, the
16 Vish Institute, (phonetic) for economy, and the
17 Higher Institute (phonetic) for architecture and
18 building.

19 Q Okay. Are you a member of any
20 professional organizations?

21 A What do you mean by professional
22 organizations?

23 Q Are you a CPA or an accountant,
24 anything like that?

25 A No.

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1 K. Petrov

2 Q Okay. Beginning in 2008, up until the
3 period June 12, 2009, were you a member of the
4 board of directors of Lessno?

5 A I don't think the question is precise.
6 In 2008, the Lessno company did not have
7 officially registered work. It was managed by
8 another company.

9 Q What company was it managed by?

10 A From the firm, maika, Travel Technology
11 Solutions. The first maika, Travel Technology
12 Solutions.

13 MS. SHISHKOVA: The translations are
14 incorrect. He was saying that it was managed by
15 a parent company, maika, parent company, which
16 was called Travel Technology Solutions.

17 Q Mr. Petrov, when you're referring to
18 Lessno, do you understand there are two entities
19 known as Lessno? Do you know there is Lessno
20 Bulgaria and Lessno, LLC, a New York corporation?

21 MR. CONNOLLY: I'm going to object to
22 the form of the question, but the witness can
23 answer.

24 A Yes, I make the difference.

25 Q Okay. And which Lessno are you

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1 K. Petrov

2 referring to?

3 A I talk about Lessno, LLC.

4 Q And did there come a time that Lessno,

5 LLC was managed by a board of directors?

6 A At the moment, there is, but in 2008,

7 Lessno did not have a board of directors.

8 Q Okay. So when did Lessno first have a

9 board of directors?

10 A From the middle of 2009.

11 Q And have you served on the board of

12 directors of Lessno, LLC?

13 A When?

14 Q The question is have you served?

15 A At the moment, I am.

16 Q And when did you first begin serving on

17 the board of directors of Lessno, LLC?

18 A From the middle of 2009.

19 Q And beginning in the middle of 2009,

20 did you serve in a special capacity on the board

21 of directors?

22 A What do you mean by special capacity?

23 Q Did you serve in the role of chairman

24 of the board of directors? Deputy chairman?

25 A Yes, I was a chairman of the board of

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1 K. Petrov

2 directors.

3 Q Okay. And do you remain chairman of
4 the board of directors of Lessno, LLC?

5 MR. CONNOLLY: Are you asking him is he
6 currently the chairman? I think you said did you
7 remain. I'm not sure of your question. Did you
8 say is he currently the chairman?

9 MR. SANCHEZ: That's the question.

10 A I say this very clearly, from the
11 middle of 2009, Lessno has a board of directors,
12 and since then, I am the chairman of the board of
13 directors.

14 Q Mr. Petrov, when was Lessno, LLC first
15 formed?

16 A Do you mean Lessno, LLC?

17 Q Yes.

18 A I'm not sure about the date, because we
19 made an investment in 2007, and I'm not sure
20 about the date.

21 Q And, Mr. Petrov, did you say that NEVEQ
22 made an investment in 2007? Is that your
23 testimony?

24 A Yes, the firm made an investment.

25 Q And was that first investment in 2007?

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1 K. Petrov

2 MR. CONNOLLY: I'm sorry, let the
3 witness finish his answer.

4 Was there something else?

5 Q Go ahead, Mr. Petrov.

6 A Do you hear me?

7 Q Yes.

8 A The investment was made through the
9 company, maika, Travel Technology Solutions.

10 MS. SHISHKOVA: Excuse me, there is
11 again an error in translation. The firm is
12 called Travel Technology Solutions, and it is the
13 parent company. The parent company in Bulgarian
14 is maika. So please translate maika as that.

15 Q Mr. Petrov, are you presently working
16 in any organization other than Lessno, LLC?

17 A Yes, I work in other organizations.

18 Q And what are those organizations?

19 A I work as a manager of two investment
20 firms and in ten other companies.

21 Q And what are the investment funds that
22 you work for?

23 A I'm a manager NEVEQ Investment Firm.

24 Q Okay. And what was the second
25 investment fund?

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1 K. Petrov

2 A Seres.

3 Q Can we get the spelling on that.

4 A S-E-R-E-S.

5 Q Okay. And tell me what your role is at
6 NEVEQ as manager.

7 A I am one of the managing partners. My
8 role is to select investments, to negotiate the
9 investments, to make the investments.

10 Q How many other managing partners are
11 there in NEVEQ presently?

12 A There are two more partners at the
13 moment.

14 Q And when NEVEQ made the investment in
15 TTS, were you then a partner of NEVEQ?

16 A Yes.

17 Q As of June 2009, who were the owners of
18 Lessno, LLC?

19 A From June 2009, the owners of Lessno,
20 LLC are two companies: Travel Technology
21 Solutions and NEVEQ, LP.

22 Q And does anyone else own shares in
23 Lessno, LLC, as of June 2009?

24 A No.

25 Q Does anyone else presently own shares

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1 K. Petrov

2 in Lessno, LLC?

3 A No.

4 Q And who owns TTS?

5 A NEVEQ Sarl. S-A-R-L.

6 Q Any other owners of TTS?

7 A No.

8 Q And what does TTS do?

9 A TTS is a cooperative which invested in
10 two companies. The only role of TTS was to make
11 these investments in these companies and, through
12 the advisory board of TTS, to manage these two
13 companies.

14 Q And what are the two companies that TTS
15 owns?

16 MR. CONNOLLY: Mr. Sanchez, I would
17 like you to ask a couple of background questions
18 that can make up who owns Lessno, and I think
19 that's fair, but now you're getting into
20 everything regarding TTS over and above Lessno,
21 and I do think that's beyond the scope of these
22 proceedings.

23 MR. SANCHEZ: And the witness can
24 answer the question.

25 MR. CONNOLLY: The witness can answer,

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1 K. Petrov

2 but, you know, if we can keep it confined to
3 this.

4 Q So Mr. Petrov, what are the names of
5 the two companies that TTS owns?

6 A The first company is Lessno, LLC.

7 Q And the second company, sir?

8 A This is not relevant to the case of
9 Lessno, I accept the position of my attorney.

10 Q No. Mr. Petrov, you're going to answer
11 the question, please.

12 MR. CONNOLLY: If I can have a minute
13 to talk with Bulgarian counsel. We'll go off the
14 record for a minute, please.

15 MR. SANCHEZ: Okay.

16 THE WITNESS: Okay, I'll wait.

17 (A brief recess was taken.)

18 MR. CONNOLLY: Mr. Sanchez, I had an
19 opportunity to talk with Bulgarian counsel about
20 this. We're willing to let the witness answer
21 the question as to what other company TTS owns,
22 besides Lessno, LLC; however, what we maintained
23 all along in connection with this case is, it's
24 about Lessno, LLC, it's not about any other
25 companies or entities, so while it was fair to

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1 K. Petrov

2 find out who owned Lessno, LLC, now we're getting
3 into what other assets do the owners of Lessno
4 own. So he'll be allowed to answer this, but
5 we'll object and contact a judge if it goes into
6 assets or interest of other companies or other
7 persons.

8 MR. SANCHEZ: Okay. And I understand
9 we probably will be calling the judge. I just
10 want to have on the record, we've already talked
11 to the judge about things like relevance, and the
12 judge said that petitioners would have a broad
13 discretion to ask questions which even could lead
14 to evidence.

15 MR. CONNOLLY: All right. That's your
16 position.

17 MR. SANCHEZ: All right. We'll proceed
18 from there.

19 EXAMINATION BY MR. SANCHEZ:

20 Q Okay. So, Mr. Petrov, what other
21 company does TTS currently own?

22 A The other company is called Vayant.

23 Q And prior to June 2009 --

24 MR. CONNOLLY: What is your question,
25 Joe?

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1 K. Petrov

2 Q -- was Vayant known by another name?

3 A Yes.

4 Q And what was the name of that company?

5 A EZ Search, LLC.

6 Q Finally, Mr. Petrov, does TTS own any
7 other business entities?

8 A No.

9 Q Mr. Petrov, are there any other members
10 of the board of Lessno, LLC, aside from yourself,
11 presently?

12 A Yes.

13 Q And who are those people?

14 A Petar Nedyalkov, Pavel Ezekiev.

15 Q And prior to June 2009, do you know who
16 the board of directors were composed of?

17 A I explained that before June 2009,
18 Lessno didn't have a board of directors.

19 (Petitioner's Exhibit 1 was marked for
20 identification.)

21 Q Mr. Petrov, are you looking at
22 Petitioner's Exhibit 1?

23 A Yes.

24 Q And when you finish looking at that,
25 could you let me know.

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1 K. Petrov

2 A Yes. This document is in English, what
3 do you want me to look at?

4 Q I'm going to ask you to look at page
5 21.

6 A Yes.

7 Q Is that your signature on page 21?

8 A Yes.

9 Q Okay. And did you read that document
10 before you signed it?

11 MR. CONNOLLY: I'm going to object, but
12 the witness can answer.

13 Q Go ahead, Mr. Petrov, your answer?

14 Mr. Petrov, are you having a
15 conversation with your counsel, Olga?

16 A No, I don't speak at the moment.

17 MR. CONNOLLY: Mr. Sanchez, your last
18 question, I believe, was referring to
19 Petitioner's 1, and you asked him did he read the
20 document before he signed it. It is not my
21 intention to coach the witness here, but the
22 witness said that this document is in English,
23 so...

24 MR. SANCHEZ: Mr. Connolly, you asked
25 me to abbreviate my initial questions --

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1 K. Petrov

2 MR. CONNOLLY: And the last time I was
3 asking if he read English, if he understands
4 English.

5 Q So, Mr. Petrov, can you read English?

6 A No.

7 Q But it is your testimony that that's
8 your signature on page 21?

9 A Yes, this is my signature.

10 Q Did you know what you were signing, Mr.
11 Petrov?

12 A Yes.

13 Q What is it that you signed, Mr. Petrov?

14 A Agreement between shareholders.

15 Q Okay. And shareholders of what
16 company?

17 MR. CONNOLLY: Okay. Again, Mr.
18 Sanchez, just so the record is clear, are you
19 asking him to describe Petitioner's 1 or are you
20 asking him to describe what his understanding of
21 the shareholders' agreement is?

22 MR. SANCHEZ: I'm actually just asking
23 him questions as to what his understanding is.

24 Q I'll rephrase.

25 The shareholders of what company signed

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1 K. Petrov

2 this agreement?

3 A On one side, it is signed by NEVEQ and
4 the other side from Lessno. With Mario Sotirov,
5 by Ani Sotirov, Assen Vassilev.

6 Q Mr. Petrov, did you say Assen Vassilev
7 as well?

8 A I said Assen Vassilev, Mario Sotirov,
9 Ralitza Bobochikova.

10 Q So the shareholders that signed this
11 agreement, they are the shareholders of what
12 company is, sir?

13 MR. CONNOLLY: I'll object to the form,
14 but the witness can answer.

15 A Can you repeat the question.

16 Q Is this a shareholders' agreement for
17 Lessno, LLC?

18 A This is agreement what the shareholders
19 are going to do. At this time, Lessno was not
20 registered yet.

21 Q It's an agreement of the shareholders
22 of what company, Mr. Petrov?

23 MR. CONNOLLY: Here's what we are going
24 to do. Can the interpreter please translate the
25 question, I'm going to interpose an objection.

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1 K. Petrov

2 (The question was re-interpreted.)

3 MR. CONNOLLY: My objection is, you're
4 asking the witness the question it is an
5 agreement between the shareholders of what
6 company, I believe there has already been
7 testimony that at least one of these companies is
8 a shareholder in a few other companies. So I
9 think that your question is confusing in that
10 regard, so I'm going to object to the form, but
11 also given the translation issues, I just wanted
12 to explain it a bit.

13 MR. SANCHEZ: And, Mr. Connolly, you're
14 saying that there has been testimony that one of
15 the companies is involved in more than one
16 company?

17 MR. CONNOLLY: I believe NEVEQ Sarl was
18 testified as being the owner of Lessno, LLC, and
19 then there is also references that some of the
20 individuals identified as existing shareholders
21 own shares in a couple different companies,
22 Lessno, LLC, Lessno Bulgaria, and EZ Search, so
23 your question just gets a bit confusing.

24 MR. SANCHEZ: I'll strike my question
25 and make it easier for everyone.

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1 K. Petrov

2 You can just mention that I've
3 withdrawn my question.

4 Q Mr. Petrov, this document, was this
5 explained to you by anyone?

6 A I participated in the creation of this
7 document.

8 Q And the document, it governs the
9 operation of a particular company?

10 MR. CONNOLLY: The witness just gave an
11 answer that needs to be put on the record.

12 A I don't understand the question.

13 MR. SANCHEZ: Would you just read back
14 the question.

15 (The previous question was read back by
16 the court reporter.)

17 A This document shows our relationships
18 and what we intend to do.

19 Q Mr. Petrov, I'm going to turn your
20 attention to page 6 of Petitioner's 1.

21 A What?

22 Q In the middle of page 6, it refers to
23 the management of a particular company. What
24 company is the middle of page 6 referring to?

25 MR. CONNOLLY: The witness can answer,

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1 K. Petrov

2 but I'm going to object to the form.

3 MR. SANCHEZ: Mr. Petrov testified that
4 he created the document.

5 MR. CONNOLLY: Right, but the problem
6 that I'm having is that you're asking him to look
7 at a document that's in English and he's
8 testified that he doesn't read English. And I
9 would just also note that company is capitalized
10 and there is a reference to what it means in the
11 document itself, but that may be beyond the
12 witness because he can't understand English. But
13 if you want to ask the witness's recollections
14 about what the documents intended to do or what
15 his understanding is about the shareholders'
16 agreement, that would be fine, but I think if
17 you're going to ask him specifically about terms
18 that are defined in English in the document,
19 that's a bit unfair to the witness.

20 MR. SANCHEZ: I'll rephrase the
21 question.

22 MR. CONNOLLY: And if you want, I can
23 point out where the definition of "the company"
24 is for you.

25 MR. SANCHEZ: I'll ask the witness.

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1 K. Petrov

2 MS. SHISHKOVA: Excuse me, Mike, could
3 I provide translation of what our counsel said?

4 MR. CONNOLLY: Sure.

5 (Objection was re-translated by Ms.
6 Shishkova in Bulgaria.)

7 MR. CONNOLLY: So you're going to ask
8 another question?

9 MR. SANCHEZ: I will.

10 MR. CONNOLLY: Okay.

11 Q Mr. Petrov, the middle of page 6, it
12 says Article 3: Management of "the" Company.
13 The management of what company is being
14 referenced in this document?

15 MR. CONNOLLY: Same objection, but the
16 witness can attempt to answer.

17 MS. SHISHKOVA: Maybe you didn't hear,
18 but the witness is saying he doesn't understand.

19 Q Mr. Petrov, you testified that you
20 helped create this document. The middle of page
21 6 says, "Article 3-Management of the Company."
22 My question was, what company does this document
23 refer to?

24 A This document was created before more
25 than three years. The document which we created

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1 K. Petrov

2 then was for the investments of the TTS.

3 Q So when the document that you created
4 says, at Section 3.01B, that the board shall
5 manage the business and affairs of the company in
6 accordance with applicable law, what company is
7 that referring to? Is that Lessno, LLC?

8 MR. CONNOLLY: My objection is the same
9 as before. Company is a defined term in the
10 document, which, if you want me to, I can point
11 out exactly where it says what the company is or
12 if you want the witness to keep trying to guess
13 what the document says in English, we can do this
14 all day.

15 MR. SANCHEZ: He said that he created
16 it.

17 MR. CONNOLLY: Well, he said he created
18 the agreement, but you're handing him an English
19 translation of it. There are plenty of documents
20 that I've created that if you handed them to me
21 in Bulgarian, I would have no clue what they say.

22 MR. SANCHEZ: I don't want you to
23 translate that. It's a speaking objection. I'm
24 waiting for his answer and we'll actually move
25 faster if we can get it.

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1 K. Petrov

2 A My answer was, we created this document
3 before more than three years. I don't remember
4 what we meant by company. The shareholders
5 intended to make the investments.

6 MS. SHISHKOVA: I see a problem with
7 translation, it did not cover everything that the
8 witness said. If you want, I can provide
9 translation.

10 MR. SANCHEZ: Olga, I'd like that.

11 MS. SHISHKOVA: Okay. So he said that,
12 back in 2008, three years ago nearly, this
13 document was created for the company Travel
14 Technology Solutions in 2008, and because of the
15 time that's passed, he is not sure about what the
16 definition of the company is on this document,
17 but his understanding is that it was meant to be
18 created for managing company TTS.

19 MR. CONNOLLY: Olga, the last part of
20 what you said, did you say to manage the company
21 TTS?

22 MS. SHISHKOVA: Yes, that was the
23 intention of the parties.

24 MR. CONNOLLY: Thank you.

25 Q Mr. Petrov, please tell me your duties

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1 K. Petrov

2 as chairman of the board of Lessno, LLC.

3 A Basically, I have the control
4 functions.

5 Q What does that mean, Mr. Petrov?

6 A To monitor, to make sure that there
7 were no activities in the company against the
8 interests of the shareholders.

9 Q And can you tell me the last time you
10 had a meeting of the board of directors?

11 A I cannot give you an exact date, but it
12 was about three months.

13 Q And where was that meeting held?

14 A In Sofia.

15 Q Was it held at an office building?

16 A In the office of NEVEQ.

17 Q And were any notices given regarding
18 the meeting?

19 A To whom? I don't understand the
20 question.

21 Q I'll rephrase.

22 To your understanding, are notices
23 required to be given to the members of the board
24 prior to a meeting?

25 A Yes.

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1 K. Petrov

2 Q And can you tell me how it is that you
3 have that understanding?

4 A From the agenda of the board of
5 directors.

6 Q Is Lessno governed by a set of bylaws?

7 A What do you mean by bylaws of Lessno,
8 LLC?

9 Q Are there -- strike that.

10 Is Lessno governed by any documents?

11 MR. CONNOLLY: I'll object to the form,
12 but the witness can answer.

13 A Yes.

14 Q Okay. And what documents are those?

15 A Shareholders' agreement.

16 Q Have you ever heard the term bylaws?
17 Do you know what that means?

18 A Yes, I heard about bylaws of the
19 company.

20 Q Okay. And does Lessno have bylaws to
21 the best of your knowledge?

22 A At the moment, I cannot tell you if it
23 is called bylaws or shareholders' agreement, but
24 there is such a document.

25 MR. SANCHEZ: I'm going to ask Mr.

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1 K. Petrov

2 Petrov to provide that to his attorney and I'm
3 going to call for production of a copy of that.

4 MR. CONNOLLY: I believe that we
5 already produced the shareholders' agreement, but
6 to the extent that we haven't, I'll take it under
7 advisement.

8 MR. SANCHEZ: And the bylaws as well.
9 You can't open a bank account without bylaws.
10 There's got to be bylaws.

11 MR. CONNOLLY: I'm not agreeing or
12 disagreeing with that, sir. I'll take it under
13 advisement.

14 Q Mr. Petrov, you testified that notices
15 were required prior to a meeting of the board of
16 directors. And where is that requirement set
17 forth?

18 A This is an internal agreement between
19 the members of the board of directors in order to
20 have a meeting of the board.

21 Q Is it in writing, Mr. Petrov?

22 A Yes.

23 Q And is that requirement in a document
24 different than the shareholders' agreement or the
25 bylaws as you've testified?

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1 K. Petrov

2 A This is described in the shareholders'
3 agreement.

4 Q And three months ago, when you held the
5 last board meeting, a notice -- it's your
6 testimony that a notice was given to the other
7 board members that a meeting of the board of
8 directors would be held?

9 A Yes, this notice was sent by e-mail to
10 the members of the board.

11 MR. SANCHEZ: I'm going to ask you to
12 provide that e-mail to your attorney and I'm
13 going to call for production of that e-mail.

14 MR. CONNOLLY: I'll take it under
15 advisement.

16 Q And prior to your last meeting of the
17 board of directors, how often would the board of
18 directors of Lessno meet?

19 A The meeting of the board, when the
20 chairman of the board was not able to make
21 decisions alone.

22 Q Petar Nedyalkov and Pavel Ezekiev, they
23 both work at NEVEQ with you?

24 MS. SHISHKOVA: I believe the
25 translation was not precise. You have asked

Capital Reporting Company

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1 K. Petrov

2 about whether they worked together or whether
3 they were on the board?

4 Q The question is whether all three
5 worked together at NEVEQ.

6 A I and Pavel work in NEVEQ.

7 Q And where does Petar work?

8 A He works is Lessno, LLC.

9 Q And where is Lessno, LLC?

10 A I don't understand the question.

11 Q Where is Lessno, LLC located? You said
12 that Petar works at Lessno, LLC.

13 A Last time I see, it was registered in
14 the United States.

15 Q So Petar works in the United States?

16 A No. Petar is in Bulgaria.

17 Q Did Petar work at NEVEQ in the past?

18 A Yes, before he used to work in NEVEQ.

19 Q And Petar doesn't work at NEVEQ any
20 longer?

21 A No.

22 Q When did Petar leave NEVEQ?

23 A I cannot tell you the exact date.

24 Q Did he leave in 2010 or was it before?

25 A Before.

Capital Reporting Company

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1 K. Petrov

2 Q Okay. So tell me the procedure for
3 calling a meeting of the board of directors of
4 Lessno.

5 A Some of the members of the board want
6 to discuss certain questions. They make a phone
7 call or they send e-mail to discuss these issues.

8 Q Did the same procedures apply to TTS?

9 A Same procedures apply also to TTS.

10 Q Did the meeting of the board of
11 directors, did they occur at a physical location
12 or were they by telephone?

13 A Almost all of the meetings were in
14 personal meetings, but some were by telephone.

15 Q And, again, it's your testimony that
16 the meetings were held at NEVEQ; is that right?

17 A Some of the meetings took place in
18 NEVEQ and others in Lessno Bulgaria.

19 Q And where was Lessno Bulgaria located?

20 A In this moment?

21 Q At this moment, yes.

22 A Office building near The National
23 Palace of Culture.

24 Q Can I get the address?

25 A I don't know the exact address.

Capital Reporting Company

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1 K. Petrov

2 Q Is there any document that you could
3 look at that would refresh your memory?

4 A About the address of the company?

5 Q Yes.

6 A This is in the center of Sofia,
7 everybody knows this building. I don't know the
8 exact address.

9 Q How much space does Lessno have there?

10 A I don't know, maybe 20 square meters.

11 Q And how many people work there?

12 A At the moment, there are no people who
13 work there.

14 Q Okay. Prior to June 2009, it's your
15 testimony that Lessno did not have a board of
16 directors, and my question to you is, how were
17 the affairs of the company governed prior to June
18 2009?

19 A The company was managed by the advisory
20 board of Travel Technology Solutions.

21 Q Who was on the advisory board of Travel
22 Technology Solutions just prior to 2009?

23 A I was a member. Assen Vassilev.
24 Ralitza Bobochikova. Mario Sotirov. Stanislav
25 Gyoshen.

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1 K. Petrov

2 Q And what was your role on the advisory
3 board of TTS just prior to June 2009?

4 A I was secretary of the board.

5 Q Was there a chairman of the board at
6 that time?

7 A Yes, there was, Stanislav Gyoshen.

8 Q And were there governing documents for
9 the TTS advisory board in effect just prior to
10 June 2009?

11 A Yes, shareholders' agreement.

12 MR. SANCHEZ: I'm going to ask you to
13 provide that to your attorney and I'll call for
14 production of that shareholders' agreement.

15 MR. CONNOLLY: I'll take that under
16 advisement.

17 Q Now, Mr. Petrov, you testified that TTS
18 was a cooperative; is that right?

19 A I don't remember saying this, but, yes,
20 this is correct.

21 Q And in your work as secretary, there's
22 a shareholders' agreement of the cooperative?

23 A Yes.

24 Q And to be clear, that's what it's
25 called, it's a shareholders' agreement of TTS?

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1 K. Petrov

2 A Yes, I think this is how it is called.

3 Q Okay. And the governing board of
4 Lessno, LLC, just prior to June 2009, it was an
5 advisory board, it wasn't a board of directors,
6 per se?

7 MR. CONNOLLY: I'm going to object to
8 the form, but the witness can answer.

9 MS. SHISHKOVA: Will you repeat the
10 question. Konstantin did not hear it well.

11 Q The question is that Lessno, LLC was
12 governed, just prior to June 2009, by an advisory
13 board of TTS, it wasn't a board of directors of
14 Lessno, LLC, I'm just asking if that's correct?

15 MR. CONNOLLY: I'm going to object to
16 the form, but the witness can answer.

17 MS. SHISHKOVA: Can I just say the
18 question, the translation was not clear, but I
19 think I understand the question in English.

20 MR. SANCHEZ: I'd like that.

21 (The question was re-asked by Ms.
22 Shishkova.)

23 A According to official documents, TTS
24 has advisory board, because TTS is a cooperative.
25 Whether we call it managing board or advisory

Capital Reporting Company

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1 K. Petrov

2 board, I don't understand what is the difference.

3 Q The shareholders' agreement of TTS, is
4 that in Bulgarian or English?

5 A I don't remember exactly, but it is
6 possible to be in English and in Bulgarian.

7 Q And when the advisory board met, just
8 prior to June 2009, was a notice sent out
9 regarding the meeting of the advisory board?

10 A There were always notices sent about
11 the agenda of the meetings and the issues to be
12 discussed at the meetings.

13 Q Mr. Petrov, how long did you serve as
14 secretary of the board of advisors of TTS?

15 A From the creation of TTS.

16 Q And do you maintain copies of the
17 notices regarding meetings of the board of
18 advisors of TTS?

19 A From when?

20 Q From its inception.

21 A I'm not sure whether we kept all the
22 copies, but we may have some.

23 Q And were those notices always sent by
24 e-mail to your knowledge?

25 A Basically, we used e-mail.

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1 K. Petrov

2 Q Okay. And were some notices of the
3 board of advisors of TTS, were they given by
4 telephone?

5 A Please ask the question again, I didn't
6 understand.

7 MR. SANCHEZ: Can you read it back.

8 (The previous question was read back by
9 the court reporter.)

10 A I said that most of the notices with
11 the agenda of the meetings were given by e-mail.

12 Q But some were given by telephone?

13 A I said that most of the notices about
14 meetings for important decisions were made by
15 e-mail. I am not sure about notices given by
16 telephone.

17 MR. CONNOLLY: Do you want him to
18 repeat his answer and he'll translate it again?

19 MR. SANCHEZ: Yes.

20 A All the important issues, all the
21 agendas of the meetings of the board, we
22 communicated them by e-mail.

23 Q And does TTS have an office location?

24 A In Holland.

25 Q And is that where the books and records

Capital Reporting Company

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1 K. Petrov

2 of TTS are kept?

3 A Yes, the basic documents are there.

4 Q And the minutes for the advisory board,

5 are they kept in Holland as well?

6 A I think some of the minutes are there;

7 some of the minutes are here in Bulgaria.

8 Q Okay. And do you have access to the

9 documents in Holland?

10 A What do you mean by access?

11 MR. SANCHEZ: I'm going to ask you to

12 produce copies of the minutes of the advisory

13 board of TTS to your attorney, and I'm going to

14 ask you to produce the copies that you have in

15 Holland that you have access to and also the

16 copies that you maintain yourself.

17 Q And in response to that request, my

18 question is, are you going to be able to provide

19 those documents or does someone else have access

20 to those documents?

21 A Yes, whatever is stored here, I will

22 give to the attorney.

23 Q And what about the documents in

24 Holland?

25 A Whatever I can do, I will give the

Capital Reporting Company

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1 K. Petrov

2 documents which are stored here.

3 Q And, Mr. Petrov, my question is, do you
4 personally have access to the documents in
5 Holland?

6 A The documents in Holland are kept in
7 the law office which does all the actions
8 necessary in accordance with the Dutch laws.

9 Q Mr. Petrov, what is your role as
10 secretary of the board of advisors of TTS? Is it
11 your job to maintain the records of the board of
12 advisors of TTS?

13 A There's nothing in writing about my
14 role as a secretary, but, yes, in my role
15 includes also keeping these records.

16 Q And so, you maintain a complete copy of
17 the notices and the minutes of the advisory board
18 of TTS; is that correct?

19 A No, this is not correct.

20 Q Who maintains those records?

21 A There are some documents in all of the
22 board members. I cannot say that I have all the
23 documents.

24 Q So there is no central location for the
25 books and records of TTS?

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1 K. Petrov

2 A Is the question about TTS?

3 Q Yes.

4 A No, there's no central place.

5 Q So prior to June 2009, if an
6 advisory -- if a notice of a meeting of an
7 advisory board was sent, you would not have
8 records of that; is that your testimony?

9 A Could you repeat the question.

10 MR. SANCHEZ: Could you read back the
11 question.

12 (The question was read back by the
13 court reporter.)

14 A I never said this.

15 Q Okay. Do you have copies of the
16 notices of the meetings of the board of advisors
17 of TTS -- do you have copies of all of the
18 notices, as secretary of the board of advisors of
19 TTS?

20 A I explained that most of the meetings,
21 the notices were sent by e-mail.

22 Q And how were the remaining notices
23 sent?

24 A I don't understand the question.

25 Q You said most of the notices, so I

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1 K. Petrov

2 understand that some notices were sent in another
3 manner, how were the other notices sent?

4 A I said that all the notices about
5 important issues on the agenda of the board
6 meetings were sent by e-mail. It is possible
7 that some of the notices about not important
8 issues were sent by different way.

9 Q And what was the way?

10 MR. CONNOLLY: I'm going to object to
11 the form, but that's all I'm going to do without
12 coaching the witness. Go ahead.

13 A For example, they would come to our
14 office and they would suggest issue for the
15 board.

16 Q Okay.

17 A I would go to the office of Lessno and
18 we would discuss different issues for the board.

19 Q Okay. And the advisory board would
20 make certain decisions at those meetings for
21 Lessno?

22 A Yes, make decisions.

23 Q So really, it's your testimony that
24 notices weren't given in every case. For
25 unimportant matters, you would go to the Lessno

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1 K. Petrov

2 offices or the other TTS employees would come to
3 the Lessno offices and a meeting of the advisory
4 board would be held.

5 A This is how we discuss about issues
6 before the board.

7 Q And were some of the meetings of the
8 advisory board held spontaneously?

9 A What do you mean by spontaneously?

10 Q You testified that you would drive to
11 the Lessno offices or the advisory board members
12 would come to the NEVEQ offices, was that
13 pursuant to an understanding that an advisory
14 board meeting would be held or did people just go
15 and hold a meeting of the advisory board without
16 notice?

17 A If not all the members of the board are
18 present, there could not be a meeting of the
19 board.

20 Q And where is that requirement
21 specified?

22 A I think this is in shareholders'
23 agreement, how the decisions are to be made.

24 Q And is it possible that the
25 shareholders' agreement specified that only

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1 K. Petrov

2 two-thirds of the board members of the board of
3 advisors need to be present? Is that possible?

4 A I think two-thirds is necessary for
5 making a decision.

6 Q And the two-thirds constituted a
7 quorum?

8 A There's a requirement that a member of
9 NEVEQ has to be present at the meeting in order
10 to make a decision. There's no decision to be
11 made without presence of somebody from NEVEQ.

12 THE WITNESS: I need a break to go to
13 the restroom.

14 MR. SANCHEZ: Okay.

15 (A brief recess was taken.)

16 EXAMINATION BY MR. SANCHEZ:

17 Q Mr. Petrov, we're back on the record
18 and you remain under oath.

19 A Yes.

20 Q The requirement that NEVEQ join in on
21 any important decisions of the advisory board, is
22 that in the shareholders' agreement?

23 A It is either in the bylaws or in the
24 shareholders' agreement.

25 Q And when you say bylaws, are you

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1 K. Petrov

2 referring to the bylaws of TTS or Lessno?

3 A TTS. I said that Lessno was managed by
4 this board of TTS.

5 Q And is it your testimony that TTS has
6 bylaws?

7 MR. CONNOLLY: I'm going to object,
8 only because he was asked and he answered, but he
9 can answer again.

10 A Could you repeat the question.

11 Q Is it your testimony that TTS is
12 governed by bylaws or is it just a shareholders'
13 agreement?

14 A Yes.

15 MR. SANCHEZ: I'm going to call for
16 production of the bylaws of TTS, if you can
17 provide that to your attorney.

18 MR. CONNOLLY: We'll take that under
19 advisement, but just to clarify the record, I
20 think you asked him an either or question and his
21 response was yes.

22 MR. SANCHEZ: Can you repeat the
23 question.

24 (The previous question and answer were
25 read back by the court reporter.)

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1 K. Petrov

2 Q Mr. Petrov, if I can have your
3 attention.

4 A Yes.

5 Q Is it your testimony that TTS is
6 governed by bylaws?

7 A I said that TTS is governed by bylaws
8 or by shareholders' agreement. I cannot tell you
9 exactly by which document.

10 Q But you know that there is a
11 shareholders' agreement for TTS?

12 A There is a document managing TTS, but I
13 cannot tell you the exact name of this document,
14 whether it's shareholders' agreement or bylaws.

15 Q And that document, it specifies that
16 the board of advisors is required to meet to
17 approve certain important actions by Lessno, LLC;
18 is that correct?

19 MR. SANCHEZ: Can you repeat what I
20 asked.

21 (The question was read back by the
22 court reporter.)

23 A I never said that. I said that the
24 decisions of the board are taken with at least
25 one vote from NEVEQ.

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1 K. Petrov

2 Q Tell me the kinds of decisions that
3 Lessno, LLC could make without seeking the
4 advisory board approval of TTS.

5 A Could you repeat the question.

6 MR. CONNOLLY: Could you read that back
7 to me in English.

8 (The question was read back by the
9 court reporter.)

10 A For example, appointment of employee
11 who is not in a key position.

12 Q What else?

13 MR. CONNOLLY: I'm going to object to
14 the form, but the witness can answer.

15 A For example, who can take vacation.

16 Q What else?

17 MR. CONNOLLY: Same objection. I'll
18 say it in English so I'm not coaching the
19 witness. If you want to get a flavor of the
20 types of things, but I'm sure that any business
21 makes hundreds of decisions a day, including what
22 to order for lunch.

23 MR. SANCHEZ: His testimony was certain
24 important things, I want to get a flavor of some
25 of the important things.

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1 K. Petrov

2 MR. CONNOLLY: Just noting my objection
3 to the form.

4 A I did not hear the translation of what
5 he said.

6 Q The question is really just: What
7 else?

8 A Other small decisions, which the
9 executive director can make, determination of the
10 salaries of certain non-key employees.

11 Q And, Mr. Petrov, these are things that
12 Lessno, LLC could decide without getting advisory
13 board approval?

14 A Yes, these are things in the business
15 plan of Lessno which was approved.

16 Q Okay. Are they approved without the
17 advisory board approval of TTS is the question?

18 A Could you please repeat the question.

19 Q You testified that the appointment of
20 an employee, or who can take a vacation, the
21 determination of salary of non-key employees,
22 these are the types of things that Lessno could
23 do without getting advisory board approval.

24 A Yes, exactly so.

25 Q Okay. And what are the types of things

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1 K. Petrov

2 that Lessno could do only if they obtained
3 advisory board approval?

4 A For example, appointment or the firing
5 of a key employee, entering into contracts,
6 borrowing money, creation of other companies,
7 buying and selling assets. All these decisions
8 are made with the approval from NEVEQ.

9 Q Okay. And were there any monetary
10 limits on any of these decisions, for example,
11 Lessno could buy or sell assets up to \$1,000 on
12 their own or did every purchase and sale of
13 assets require advisory board approval?

14 A I think that there were some
15 limitations, but I cannot tell you in this
16 moment.

17 Q Do you know if the limitations were
18 above \$1,000?

19 A Yes, I think they were above \$1,000.

20 Q Were they above \$10,000?

21 MR. CONNOLLY: You don't need to
22 translate this. Just so I'm clear, your question
23 is transactions above \$10,000 requiring board
24 approval?

25 MR. SANCHEZ: Yes. His testimony was

Capital Reporting Company

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1 K. Petrov

2 that Lessno could make decisions, so far, up to
3 \$1,000, so now my question is \$10,000.

4 A I don't remember exactly what are the
5 limitations, but they are specified in the
6 documents and I can look them up in the
7 documents.

8 Q Okay. And the documents that you're
9 referring to, that's either the shareholders'
10 agreement or the bylaws, whichever one you have?

11 A Yes, the basic documents governing the
12 company.

13 Q And do you know when those documents
14 were developed, those basic documents?

15 A What do you mean? Could you repeat the
16 question.

17 Q Were the TTS advisory board, were the
18 bylaws or shareholders' agreement of TTS, were
19 those created when TTS was formed or was it
20 created at a different time?

21 A Some of the documents were created at
22 the time of the creation of TTS, like, term
23 sheet, there are different documents.

24 Q And what documents are those?

25 A Document between the shareholders at

Capital Reporting Company

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1 K. Petrov

2 different times, term sheet, bylaws,
3 shareholders' agreement, other agreements.

4 Q And where specifically are the
5 limitations contained which would govern Lessno,
6 LLC?

7 MR. CONNOLLY: I'm going to object to
8 the form but the witness can answer.

9 A I said these limitations are contained
10 in some of the documents which I mentioned.

11 Q So, for example, the limitation on
12 buying or selling assets, where is that
13 limitation contained?

14 A Either in the bylaws or the
15 shareholders' agreement.

16 Q Okay. And the limitation on firing or
17 hiring a key employee, where is that limitation
18 contained?

19 A Also in some of these documents.

20 Q But you don't know specifically what
21 the limitations are?

22 A I said that I don't remember exactly in
23 which document are these limitations, but I can
24 look the documents up and I can tell you them.

25 Q So, Mr. Petrov, how would you know what

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1 K. Petrov

2 actions Lessno, LLC could take on their own?

3 MR. CONNOLLY: I'm going to object as
4 asked and answered, but the witness can answer
5 again.

6 A I don't know how to answer to this
7 question, but I know that these provisions are
8 contained in these documents. These provisions
9 are either in the term sheet or the shareholders'
10 agreement or the bylaws. After I look up these
11 documents, I can tell you.

12 Q Mr. Petrov, how would you fulfill your
13 duties as secretary of the advisory board without
14 knowing what the limitations were?

15 MR. CONNOLLY: I'm going to object to
16 the form. That wasn't his testimony.

17 Q You can answer.

18 MR. CONNOLLY: Before you do that.
19 We'll do this in English. He didn't say he
20 didn't know what his duties were. He said,
21 probably for the last ten minutes or so, that the
22 limitations were set forth in various documents,
23 including, but not limited to, the shareholders'
24 agreement, bylaws, if they existed, and a few
25 other documents that you previously referenced.

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1 K. Petrov

2 He didn't say he didn't know what the laws were.

3 MR. SANCHEZ: I'll strike the question.

4 It's all right, he doesn't have to

5 answer.

6 Q Mr. Petrov, can you tell me what the

7 term sheet is that you're referring to?

8 A This is a preliminary contract between

9 the shareholders.

10 MR. SANCHEZ: And I'm going to ask you

11 to produce a copy of that term sheet to your

12 attorney so that I can call for production of

13 that.

14 Q Mr. Petrov, did all of the members of

15 the advisory board meet at the physical location

16 or did some join by telephone?

17 A Some of the members were available by

18 the phone.

19 Q And which members were those?

20 A Different members of different boards.

21 Q I'm referring to the advisory board of

22 TTS.

23 A Yes, different boards, different

24 meetings, different people were present at the

25 meeting and different were available on the

Capital Reporting Company

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1 K. Petrov

2 phone.

3 Q Okay. And it was your duty, as
4 secretary of the advisory board of TTS, to keep
5 the minutes of those advisory board meetings; is
6 that correct?

7 A It was not my duty, but there were
8 minutes of the meetings.

9 Q Do you know who prepared the minutes of
10 those meetings?

11 A For different boards, different people
12 prepared the minutes.

13 Q And who prepared the agenda for the
14 meetings of the board of TTS?

15 A Every member of the advisory board can
16 call for a meeting of the board.

17 MS. SHISHKOVA: And propose an agenda.

18 Q How was Lessno, LLC governed, between
19 April 2007 and April 2008, when TTS was first
20 formed?

21 A What do you mean by how?

22 Q When did NEVEQ first invest in Lessno,
23 LLC.

24 A In the beginning of 2007.

25 Q Okay. And what was your understanding

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1 K. Petrov

2 as to how Lessno, LLC was governed when your
3 company, NEVEQ, invested in Lessno?

4 A Regarding the managing with the
5 executive director, there were some problems.
6 The business plans were not executed.

7 Q Were there any governing documents of
8 Lessno, LLC when your company, NEVEQ, invested?

9 A What documents?

10 Q Any governing documents.

11 A There were business plans. There are
12 three-months reports.

13 Q Was there a shareholders' agreement?

14 A I said that Lessno was managed by the
15 advisory board of TTS and basic documents were
16 there.

17 Q And my question was, prior to the
18 formation of TTS, Lessno had -- excuse me, NEVEQ
19 had invested in Lessno, LLC, they invested in
20 approximately April 2007, and so my question is,
21 how was Lessno governed prior to the formation of
22 TTS?

23 MR. CONNOLLY: I'll object to the form,
24 but the witness can answer.

25 A Before TTS, Lessno was managed by the

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1 K. Petrov

2 term sheet and the shareholders' agreement.

3 MS. SHISHKOVA: Konstantin said that
4 the shareholders' agreement that you produced
5 during this meeting is correct.

6 Q That shareholders' agreement that is
7 Petitioner's Exhibit-1.

8 MR. CONNOLLY: Can I have the last
9 question and answer read back please.

10 (The previous four questions and
11 answers were read back by the court reporter.)

12 MR. CONNOLLY: Go ahead and ask the
13 witness what he meant. I think that's where
14 you're going, but it is a little vague.

15 Q Mr. Petrov, to clarify your testimony,
16 you stated that prior to the formation of TTS,
17 Lessno, LLC was governed by the shareholders'
18 agreement, which you've identified as
19 Petitioner's Exhibit-1.

20 MR. CONNOLLY: I'm going to object to
21 the form. That wasn't his testimony. We just
22 had it read back, the question was, how was
23 Lessno governed prior to TTS and he testified the
24 term sheet and the shareholders' agreement.

25 MR. SANCHEZ: Except Olga said --

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1 K. Petrov

2 MR. CONNOLLY: Olga may have jumped in,
3 but she is not testifying.

4 MR. SANCHEZ: Well, then Olga needs to
5 speak or not speak. I mean, she is interpreting.

6 MR. CONNOLLY: So why don't you ask him
7 what he meant.

8 Q Mr. Petrov, can I get your attention,
9 sir. The question is, prior to the formation of
10 TTS, was Lessno, LLC governed by Petitioner's
11 Exhibit 1, which has been shown to you?

12 MR. CONNOLLY: And again, I'm going to
13 object to the question in that it is a document
14 that is written entirely in English and the
15 witness testified that he does not read English.

16 MR. SANCHEZ: And, Olga, can you jump
17 in there.

18 MR. CONNOLLY: No, Olga is not a
19 witness. Olga is not testifying.

20 MR. SANCHEZ: The judge let her be
21 there and she's offering interpretation.

22 MR. CONNOLLY: Okay. She can offer
23 interpretation, but if you're asking him to
24 identify a document that's written in a language
25 he can't read, I'm objecting it to. If you have

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1 K. Petrov

2 a translation in Bulgarian, we'd be happy to have
3 him look at it and identify it. You can also ask
4 him what he meant by term sheet and shareholders'
5 agreement. It's up to you.

6 MR. SANCHEZ: I'm good with all of
7 this, as long as Olga's statements are on the
8 record.

9 MR. CONNOLLY: Olga is not a witness.
10 You are free to ask him what term sheet and
11 shareholders' agreement he was referring to. I
12 think that would make it clearer, but if you're
13 asking him questions about the import of a
14 document that's written in a language that he
15 doesn't read...

16 MR. SANCHEZ: He said he created it.

17 MR. CONNOLLY: My objection is on the
18 record.

19 Q Mr. Petrov, what document were you
20 referring to when you said that Lessno, LLC was
21 governed by a shareholders' agreement? Can you
22 tell me what document that is.

23 A I said that before the creation of TTS,
24 Lessno was managed by the term sheet and the
25 document which you presented as document Number

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1 K. Petrov

2 1, Exhibit Number 1.

3 Q Mr. Petrov, the investment by NEVEQ in
4 April 2007, was that a debt or equity investment?

5 A In the beginning, it was a loan.

6 Q And did there come a time when it
7 became an equity investment?

8 MR. CONNOLLY: I'm going to object to
9 the form, but the witness can answer.

10 A Yes, when TTS was created, the
11 investment was transformed into equity.

12 Q And how much money did NEVEQ loan
13 Lessno, LLC in April of 2007?

14 A The investment was done in parts, every
15 quarter, and the agreed upon investment was \$3
16 million.

17 Q And did NEVEQ invest \$3 million in
18 Lessno?

19 A I think this question is not very
20 correct.

21 Q Is there a document which refers to the
22 investment by NEVEQ in April 2007?

23 A Yes, there is.

24 Q And what is the name of that document?

25 A The first document is the preliminary

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1 K. Petrov

2 agreement term sheet. After their investment was
3 restructured, a part of the \$3 million went in
4 Lessno and another part went in other companies.

5 Q Which other companies did the
6 investment go into?

7 A According to the first document,
8 shareholders' agreement, this was EZ Search.

9 Q And how much money was ultimately
10 invested, out of the \$3 million April 2007 loan,
11 in Lessno?

12 A What date?

13 Q The April 2007 loan, it was an
14 investment of \$3 million, how much went into
15 Lessno?

16 A April, what year?

17 Q April 2007.

18 A In April 2007 was the beginning of the
19 investment to the company.

20 Q And pursuant to the term sheet, how
21 much money was invested in Lessno and how much
22 money was invested in EZ Search?

23 MR. CONNOLLY: I have an objection to
24 the form. Are you asking him how much the term
25 sheet required NEVEQ to invest in Lessno

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1 K. Petrov

2 specifically or are you asking how much did
3 Lessno invest -- I'm sorry, how much did NEVEQ
4 invest in Lessno based upon an understanding of
5 the term sheet?

6 MR. SANCHEZ: I actually think I
7 probably need to clarify that. I think it was
8 amended, I think the understanding was.

9 MR. CONNOLLY: I'm not sure what the
10 term sheet says, if anything, and I'm not sure if
11 that's what you're looking -- if you're looking
12 for how much NEVEQ invested in Lessno.

13 MR. SANCHEZ: That's really all I want
14 to know.

15 Q Between April 2007 and May 2009, how
16 much money did NEVEQ invest in Lessno, LLC?

17 A As a loan, in both companies, we
18 invested four million and a half dollars.

19 MR. SANCHEZ: Can you ask him to repeat
20 the answer.

21 (The interpreter asked the witness to
22 repeat his answer.)

23 A Between April 2007 and May 2009, NEVEQ
24 invested in both companies, Lessno and EZ Search,
25 four million and a half dollars.

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1 K. Petrov

2 Q And was that a loan and equity?

3 A One part was a loan and the other part
4 was equity. Bridge loan. A loan which can be
5 converted into equity.

6 Q And was that loan converted to equity?

7 A Yes, it was.

8 Q What is the allocation of the
9 investment between Lessno and EZ Search?

10 A As far as I remember, three million in
11 Lessno and a million and a half in EZ Search.

12 Q And after May 2009, has NEVEQ invested
13 additional funds in Lessno, LLC?

14 A Yes, there were additional investments.

15 Q Were those investments loans or -- I'm
16 sorry, go ahead.

17 A I clarify that under investment, I
18 understand either a loan, which could be
19 converted into equity or equity.

20 Q How much additional monies were
21 invested? What is the amount invested since May
22 2009 by NEVEQ?

23 A We're talking about different time
24 periods, but as far as I can remember, from the
25 beginning of 2009, there were additional

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1 K. Petrov

2 investment of \$800,000.

3 Q And were those additional investments
4 loans or equity?

5 A I said that under -- they were made
6 under both loans and equity.

7 Q And did Lessno convert the loan into
8 equity or did it repay NEVEQ?

9 MR. CONNOLLY: I'm going to object to
10 the form, but the witness can answer.

11 A Lessno did not return anything to
12 NEVEQ. A part was converted into equity. The
13 other part is still a loan.

14 Q And what part is still a loan?

15 A I cannot tell you exactly, I have to
16 look it up.

17 Q And for the additional investment,
18 beginning of 2009, are there documents that would
19 refer to the investments by NEVEQ into Lessno?

20 A Yes, there are documents.

21 Q What are those documents called?

22 A These are documents about making these
23 investments.

24 MR. SANCHEZ: I'm going to ask you to
25 provide those documents to your attorney and call

Capital Reporting Company

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1 K. Petrov

2 for production, and I'll also call for production
3 of the additional loans made by NEVEQ into Lessno
4 from the beginning of 2009 to the present.

5 Q Did there come a time that --

6 A In what capacity can I present these
7 documents?

8 MR. SANCHEZ: I'll work with his
9 attorney.

10 Q Mr. Petrov, did there come a time that
11 Mario Sotirov loaned Lessno, LLC money?

12 A I think this question is not correct.

13 Q Is there a promissory note between
14 Mario Sotirov and Lessno, LLC for monies owed?

15 A As of today, there is such a document.
16 This document was never approved at a meeting of
17 the board of directors. I never knew about what
18 amounts. And I didn't know under what conditions
19 these loans were given and if this document
20 appeared in Lessno after firing the executive
21 directors of Lessno.

22 Q Mr. Petrov, was there a meeting held of
23 the TTS advisory board to discuss the loans?

24 A No.

25 Q And how do you know that?

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1 K. Petrov

2 A Because nobody from NEVEQ participated
3 in such meeting of the board.

4 Q And do you know whether Mario Sotirov
5 actually provided funds to Lessno, LLC?

6 A Yes, I know, as of today, according to
7 this document.

8 Q But do you know it as of the finances
9 of Lessno, did Lessno receive the money from
10 Mario Sotirov?

11 A Please repeat the question.

12 Q Do you know whether Lessno, LLC
13 received cash from Mario Sotirov?

14 A I don't know whether it was cash or it
15 was bank transfer.

16 Q Okay. But Lessno received into its
17 bank account monies from Mario Sotirov?

18 A I don't control the bank account of
19 Lessno, but from the contract which arrived in
20 the office backdated, I know that such sum was
21 invested.

22 Q Okay. And who would know the finances
23 of Lessno, LLC in May through June 2009?

24 A Assen Vassilev and Mario Sotirov, who
25 was executive director of Lessno at that time.

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1 K. Petrov

2 Q And who was the CFO during that time?

3 A Lessno, LLC?

4 Q Yes.

5 A I don't understand the question.

6 Q Who was the CFO of Lessno, LLC during
7 the period of May through June of 2009?

8 A Lessno, LLC?

9 Q Yes.

10 A Control over the bank account, at that
11 time, had Mario Sotirov and Assen Vassilev. At
12 that time, there was no CFO of Lessno.

13 Q And who is Antoeneta Orbetsova?

14 A She is CFO of Lessno Bulgaria.

15 Q Who owns Lessno Bulgaria?

16 A Lessno, LLC.

17 Q 100%?

18 A Yes.

19 Q How do you know Antoeneta Orbetsova?

20 A I know Antoeneta as an employee in a
21 company which I managed years ago.

22 Q What company was that?

23 A Telecommunication company.

24 Q And that was Orbitel?

25 A Yes.

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1 K. Petrov

2 Q And how long did you work with
3 Antoeneta at Orbitel?

4 A About two years.

5 Q And when did she come to Lessno?

6 A If I remember correctly, in the second
7 half of 2008.

8 Q And is she still with Lessno?

9 A Lessno Bulgaria.

10 Q And was there an advisory board meeting
11 to discuss hiring Antoeneta?

12 A Yes, I think there was a meeting of the
13 advisory board about appointing Antoeneta.

14 MR. SANCHEZ: I'm going to specifically
15 call for production of the minutes of that
16 advisory board meeting.

17 THE WITNESS: I'm not sure if the
18 document exists. If there is such a document, I
19 will give it.

20 It is quarter to 8:00 in the evening
21 here, and I suggest to conclude.

22 MR. SANCHEZ: Can I just get a couple
23 more questions in just to resolve this line of
24 questioning.

25 MR. CONNOLLY: If that's fine with the

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1 K. Petrov

2 witness, another five or ten more minutes to
3 finish one line of questioning, and then we'll
4 conclude. Go ahead.

5 THE WITNESS: We are 45 minutes over
6 the scheduled time.

7 MR. SANCHEZ: Okay. Just a couple more
8 minutes.

9 Q Now, Antoeneta, she was hired by Lessno
10 Bulgaria as the CFO?

11 A Yes, she was.

12 Q As an executive officer?

13 A No.

14 Q The CFO though is a key employee?

15 A Yes, it is a key position.

16 Q Okay. So we will have -- let me
17 rephrase.

18 So there are going to be minutes of a
19 board meeting of TTS for the hiring of key
20 employees, per your earlier testimony?

21 MR. CONNOLLY: I'm going to object
22 again. The witness said that he's not aware --
23 I'll do this in English so I'm not coaching the
24 witness -- I believe the witness's prior
25 testimony was, if there are documents he would

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1 K. Petrov

2 produce them, but I don't think he testified
3 there are documents.

4 MR. SANCHEZ: I'll strike the question.

5 You don't need to translate that
6 question.

7 Q Did Antoeneta also have access to the
8 Lessno, LLC bank accounts?

9 A I said I don't know.

10 MR. SANCHEZ: Petitioner's Exhibit 2.

11 (Petitioner's Exhibit 2 was marked for
12 identification.)

13 MR. CONNOLLY: Petitioner's 2, is that
14 written in English or is it written in Bulgarian,
15 what the witness is looking at?

16 MR. SANCHEZ: I'm not even sure he's
17 looking at anything.

18 Is Mr. Petrov looking at Petitioner's 2
19 for identification?

20 A Yes, I'm looking at Document Number 5.

21 Q Is he copied on that cc, K. Petrov? Is
22 that his e-mail address? Is he copied on the
23 e-mail as K. Petrov?

24 A Yes.

25 Q Okay. And Antoeneta sent this, it

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1 K. Petrov

2 looks like to Mario Sotirov, and it was copied to
3 Mr. Petrov, and it was sent from Antoeneta in
4 English.

5 A Yes. I must have received it.

6 Q Okay. Do you recall receiving this in
7 approximately June 2009?

8 A I don't remember exactly, but if it has
9 my address, I must have received it.

10 Q Mr. Petrov, turning about three
11 quarters of the way down the page, there are
12 various figures given with monies purportedly
13 transferred. My question is if you can identify
14 those transactions?

15 MR. CONNOLLY: I'm going to object to
16 the form. What do you mean identify? I don't
17 understand what you mean identify, so I'm not
18 sure how that's coming out in translation.

19 MR. SANCHEZ: I'll strike the question.

20 Q Three quarters of the way down the
21 page, it refers to certain banks, BOA and FIB and
22 ING, and my question is if Mr. Petrov is familiar
23 that Lessno maintains bank accounts at BOA, FIB,
24 and ING, as of June 10, 2009.

25 MR. SANCHEZ: Did you phrase it as a

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1 K. Petrov

2 question?

3 INTERPRETER: Yes.

4 Q As of June 10, 2009, did Lessno
5 maintain bank accounts at BOA, FIB and ING?

6 A I said I never managed the bank
7 accounts of the company. There must have been
8 such a thing.

9 Q Are you familiar with whether BOA, FIB,
10 or ING are Lessno, LLC or Lessno Bulgaria
11 accounts?

12 MR. CONNOLLY: I'll object to the form,
13 but the witness can answer.

14 A I said I never managed the bank
15 accounts, neither Lessno, LLC nor of Lessno
16 Bulgaria. I never get access to the bank
17 accounts.

18 Q My last question. Final question. Did
19 anyone explain this e-mail of June 10, 2009 to
20 you?

21 MR. CONNOLLY: I'll object to the form,
22 but the witness can answer.

23 You don't have to translate that.

24 A I don't remember. I cannot answer to
25 this question. I'm sure we have discussed this

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1 K. Petrov

2 e-mail. And as you said, this document is dated
3 June 10, 2009, which is much later than the
4 events we talked about.

5 MR. SANCHEZ: I've got to get one more
6 question in.

7 MR. CONNOLLY: Final question.

8 Q Who was the CEO as of June 10, 2009 of
9 Lessno, LLC?

10 A I think at this time Mario Sotirov was
11 already fired, but I have to look it up.

12 Q Okay.

13 (Whereupon, at 12:55 p.m., the deposition
14 of KONSTANTIN PETROV was concluded.)

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1 C E R T I F I C A T E

2

3 STATE OF NEW YORK)
4) ss.
5 COUNTY OF NEW YORK)

6 I, ELIZABETH WILLESKI, a Registered
7 Professional Reporter and Notary Public within
8 and for the State of New York, do hereby certify:

9 That KONSTANTIN PETROV, the witness
10 whose deposition is hereinbefore set forth, was
11 duly sworn by me and that such deposition is a
12 true record of the testimony given by such
13 witness.

14 I further certify that I am not related
15 to any of the parties to this action by blood or
16 marriage and that I am in no way interested in
17 the outcome of this matter.

18 IN WITNESS WHEREOF, I have hereunto set
19 my hand this 15th day of September, 2010.

20 ELIZABETH A. WILLESKI, COURT REPORTER
21 My Commission Expires: February 27, 2014
22
23
24
25

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1 I N D E X

2 WITNESS EXAMINATION BY PAGE

3 KONSTANTIN PETROV MR. SANCHEZ 6

4

5 E X H I B I T S

6 EXHIBIT DESCRIPTION PAGE

7 Petitioner's 1 Shareholders' Agreement 16

8 Petitioner's 2 June 12, 2009 E-mail 67
(Exhibits retained.)

9

10

11 R E Q U E S T S

12 1. E-mail noticing the last meeting of the of
directors (three months ago).

13 2. Shareholders' agreement prior to 2009 and

14 bylaws.

15 3. Copies of minutes of the advisory board
meetings in Mr. Petrov's position or accessible

16 in Holland.

17 4. Bylaws of TTS.

18 5. Preliminary contract between shareholders
(term sheet).

19 6. Documents referring to investments by NEVEQ

20 into Lessno converted from loan to equity.

21 7. Any additional loans made to Lessno from
NEVEQ.

22 8. Meeting minutes hiring Antoeneta Orbetsova.

23

24

25

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1 E R R A T A S H E E T

2 Case Name: In re: Lessno, LLC

3 Depo Date: September 15, 2010

Deponent: KONSTANTIN PETROV

4 Page/Line Now Reads Should Read Reason

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20 Date

Signature

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1 A C K N O W L E D G E M E N T O F D E P O N E N T

2

3 STATE OF NEW YORK)

:ss

4 COUNTY OF NEW YORK)

5 I, KONSTANTIN PETROV, hereby certify
6 that I have read the transcript of my testimony
7 taken under oath in my deposition of September
8 15, 2010; that the transcript is a true, complete
9 and correct record of what was asked, answered
10 and said during this deposition, and that the
11 answers on the record as given by me are true and
12 correct.

9

10

KONSTANTIN PETROV

11

12

13 SUBSCRIBED AND SWORN BEFORE ME
14 THIS ___ DAY OF _____, 2010.

14

15

Notary Public

16 My Commission Expires: _____

17

18

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